

Message Text

CONFIDENTIAL

PAGE 01 ANKARA 01148 121009Z

43

ACTION L-03

INFO OCT-01 EUR-12 ISO-00 EB-07 COME-00 SCS-03 SCA-01

TRSE-00 XMB-02 OPIC-03 CIEP-01 OMB-01 SS-15 NSC-05

H-02 CIAE-00 INR-07 NSAE-00 /063 W

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R 110904Z FEB 76

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 2416

INFO AMEMBASSY ATHENS

AMEMBASSY NICOSIA

C O N F I D E N T I A L ANKARA 1148

E.O. 11652: GDS

TAGS: PFOR, CPRA, EIND, CY, TU

SUBJECT: US PROPERTY CLAIMS IN NORTHERN CYPRUS --

CYPRUS MINES CORPORATION

REF: STATE 030864

1. SUMMARY: EMBASSY HAS DISCUSSED CYPRUS MINES CORPORATION (CMC) PLAN TO PURSUE CLAIM WITH AZOT SANAYI WITH CMC ANKARA REPRESENTATIVE, POLAR, AND WITH FOREIGN MINISTRY. LATTER AGREED TO LOOK INTO THE PROPOSAL, BUT URGES THAT CMC GET TOGETHER WITH TURKISH CYPRIOT REPRESENTATIVES. END SUMMARY.

2. ECONOMIC COUNSELOR FEBRUARY 10 INFORMED CMC REPRESENTATIVE ANKARA (BERENT, GENERAL MANAGER OF POLAR) OF CMC PLANS FOR APPROACH TO AZOT SANAYI REGARDING PAYMENT FOR ORE SHIPMENTS TO AZOT. COUNSELOR INFORMED BERENT THAT EMBASSY PREPARED TO USE ITS GOOD OFFICES IN EVERY WAY TO HELP BRING ABOUT SUCCESSFUL OUTCOME OF APPROACH. BERENT SAID HE WAS AWARE OF HISTORY OF THIS PROBLEM. POLAR HAD ARRANGED ORIGINAL CONTRACT FOR CMC SALES TO AZOT. BERENT HAD DISCUSSED MATTER WITH SEVERAL CMC OFFICIALS LAST FALL WHEN HE WAS IN U.S. CMC OFFICIALS THEN SAID THEY HAD
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CONFIDENTIAL

PAGE 02 ANKARA 01148 121009Z

SEVERAL MATTERS TO WORK OUT BEFORE THEY COULD DECIDE

WHAT TO DO ABOUT PROPERTY IN NORTHERN CYPRUS. BERENT UNDERSTOOD CMC HAD SUBSTANTIVE INVESTMENT IN MINES IN GREEK CYPRIOT PART OF CYPRUS THAT THEY WANTED TO PROTECT, BUT THAT THEY WERE FACED WITH LARGE CLAIMS FOR SEPARATION OF WORKERS THERE WHICH HAD TO BE TAKEN INTO ACCOUNT.

3. BERENT SAID CMC CONTRACT WITH AZOT PRESENTED DIFFICULTIES EVEN BEFORE CYPRUS CRISIS ERUPTED. THERE HAD BEEN EARLIER PROBLEMS REGARDING PRESENTATION OF DOCUMENTATION FOR PAYMENT AGAINST THE LETTER OF CREDIT. USUALLY THE ORE SHIPMENTS ARRIVED IN SAMSUN (ON BLACK SEA) BEFORE SHIPPING DOCUMENTS COULD BE OBTAINED IN CYPRUS. BEENT SAID DOCUMENTS HAD NEVER BEEN RECEIVED FOR SHIPMENTS IN OCTOBER 1974 (THE LAST ORE SHIPMENT HANDLED WITH AGREEMENT OF ALL PARTIES). BERENT SAID AZOT OFFICIALS MAINTAIN THAT AFTER CRISIS BEGAN THEY HAD UNDERSTANDING WITH CMC OFFICIAL (BAKEWELL) BY WHICH AZOT WOULD CONTINUE TO TAKE THE PYRITES AND THE TWO COMPANIES WOULD TRY TO WORK OUT AN AGREEMENT FOR PAYMENT LATER. BERENT, HOWEVER, HAS NO RPT NO DIRECT KNOWLEDGE OF SUCH AN AGREEMENT. HE HAD NOT RPT NOT YET RECEIVED INSTRUCTIONS FROM CMC REGARDING DISCUSSIONS WITH AZOT BUT HE WELCOMED EMBASSY'S OFFER OF GOOD OFFICES.

4. ECONOMIC COUNSELOR THEN INFORMED TUNCBILEK, FOREIGN MINISTRY, DIRECTOR OF PLANS AND OPERATIONS FOR CYPRUS, OF CMC PLANS TO RAISE MATTER WITH AZOT. AFTER REFERRING TO PREVIOUS DISCUSSIONS ON THIS SUBJECT, HE STRESSED IMPORTANCE USG ATTACHES TO RESOLUTION THIS MATTER AND REQUESTED GOT USE ITS GOOD OFFICES TO FURTHER DISCUSSIONS BETWEEN THE COMPANIES WHICH USG BELIEVES WOULD BE BENEFICIAL. TUNCBILEK EXPRESSED GREAT CONCERN ABOUT EFFORT BY US COMPANY TO SEEK RESOLUTION OF MATTER BY DEALING ONLY WITH TURKISH FIRM AND IGNORING OFFICIALS IN NORTHERN CYPRUS WHO HAVE BEEN PROTECTING PROPERTY. HE URGED THAT CMC SEND A REPRESENTATIVE TO NORTHERN CYPRUS TO MAKE ARRANGEMENTS WITH LOCAL AUTHORITIES THERE. THEY HAD AGREED EARLIER WITH CMC TO PROTECT ITS PROPERTY IN NORTHERN CYPRUS AND HAD BEEN DOING SO. HOWEVER, NO RPT NO "DETAILED PROTOCOL" HAD BEEN WORKED OUT REGARDING WAY IN WHICH DIFFERENT ITEMS AND STOCKS WERE TO BE HANDLED. ALSO NO EXACT INVENTORY HAD BEEN DRAWN UP. TUNCBILEK STRONGLY URGED THAT CMC FIRST

CONFIDENTIAL

PAGE 03 ANKARA 01148 121009Z

APPROACH TURKISH CYPRIOT LOCAL AUTHORITIES WHO HAVE BEEN HANDLING MATTER. ECON COUNSELOR REITERATED VIEW THAT ORES BELONGING TO CMC HAD BEEN TRANSFERRED TO AZOT, WITH WHICH CMC HAD EARLIER CONTRACT, AND OBLIGATION FOR PAYMENT RESTED WITH AZOT AND THERE WAS NO NEED FOR DEALING WITH THIRD PARTIES. HE URGED THAT GOT USE GOOD OFFICES TO FACILITATE PROPOSED DISCUSSIONS BETWEEN COMPANIES. TUNCBILEK SAID GOT OFFICIALLY HAD NO PART IN MATTER, BUT UNOFFICIALLY

TRIED TO BE HELPFUL. HE WOULD BRING EMBASSY'S REQUEST TO
ATTENTION OF OFFICIALS IN NORTHERN CYPRUS FOR THEIR COOPERATION.
HOWEVER, THEY WOULD PROBABLY BE OFFENDED BY CMC'S IGNORING
THEIR ROLE IN PROTECTION OF ITS PROPERTY. TUNCBILEK ASKED
THAT EMBASSY IN TURN PASS ON TO WASHINGTON OFFICIALS AND TO
CMC HIS URGING THAT CMC SEND SOMEONE, AT LEAST ITS ANKARA
REPRESENTATIVE POLAR IF NOT A US COMPANY OFFICIAL, TO DISCUSS
MATTER WITH TURKISH CYPRIOT OFFICIALS.
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